Frequently Asked Questions (FAQ)
About Deferred Special Assessments

What is a Special Assessment?

A Special Assessment is an assessment against real property calculated on a benefit or ad valorem basis for curb and gutter, sidewalk, sewer, water, or street paving; a drain; a connection fee or similar charge for a sewer or water system.

What is a Homestead?

Homestead means a dwelling or a unit in a multiple-unit dwelling, owned and occupied, as a home by the owner thereof including all contiguous unoccupied real property owned by the same person. Homestead includes a dwelling and an outbuilding used in connection with a dwelling, situated on the lands of another.

Who is an owner?

Owner includes a person eligible for the special assessment deferment who is purchasing a homestead under a mortgage or land contract or who owns a dwelling situated on the leased lands of another or is a tenant-stockholder of a cooperative housing corporation.

What is 'Household' Income?

Household income is the total income (taxable and nontaxable) of both spouses or of a single person maintaining a household. It is the sum of adjusted gross income (AGI) plus all income exempt or excluded from AGI. Total household income includes - wages, salaries, tips; net income from a business, rent or farm; Social Security less the amount deducted for Medicare premiums; SSI (Supplemental Security Income), FIA (Family Independence Agency) and FIP (Family Independence Program) benefits; child support; alimony; unemployment, workers' and veterans' disability compensation; pension benefits; interest income; gifts and winnings in excess of $300.00 and other sources of income for all individuals living in the household.

Does the Household Income change from year to year?

The household income, as defined above, is indexed by the Consumer Price Index every year. **The maximum household income an owner or owners can have in the year 2006 is $19,584.**

What are the qualifications for obtaining a deferment?

To qualify for the special assessment deferment you or your spouse (if jointly owned) must:

a. Be 65 years or older at the time of filing of this affidavit; and
(**Exception: If you or your spouse are totally and permanently disabled, the age requirement is waived by authority of P.A. 360 of 1978, as amended)**

b. Have been a Michigan resident for 5 years or more and must have owned and occupied the homestead for 5 years or more; and

c. Be a citizen of the United States; and

d. Have a household income not exceeding the limit set for the year by law. **For the year 2006 the household income cannot exceed $ 19,584; and**

e. Have a special assessment of $ 300 or more; and

f. If a mortgage or an unpaid balance on a land contract encumbers the homestead, a deferment of special assessments shall not be made without the written consent of the mortgagee or the land contract vendor. **The consent letter must state that the mortgagee or the land contract vendor understands that the lien by the State of Michigan is the 'First Lien' on the property.**

Who approves the Deferment of Special Assessment?

The deferment application is initially made to the local assessing officer in the city or township where the property is located. After the local assessing officer verifies the information provided, it is forwarded to the Department of Treasury for processing. The Department of Treasury will approve the application if all of the requirements are met.

What happens after the approval by the Department of Treasury?

After the application is approved, the Department of Treasury sends a check to the local unit of government to pay off the special assessment. The Department of Treasury records a lien on the property in favor of State of Michigan.

What do I need to do to release the lien on the property?

The money advanced by the Department of Treasury is a loan to the owner of the property. Like any other loan from a bank, the loan carries an interest (at present ½ of 1% per month). The loan has to be paid back to the State before the lien is released.

The deferred special assessment has to be paid back when the property is sold or transferred. If the owner of the property dies, then the loan needs to be paid within one year after the death. If not, there is an additional interest of 1% per month in addition to the interest until the loan is paid.

What if I bought the property and was not told of the lien by the seller?

Frequently Asked Questions (FAQ)
About Deferred Special Assessments

The buyer is responsible for the payment of the Deferred Special Assessment. The lien is not removed until the loan has been repaid. The statute of limitations does not apply to liens and the lien will continue on the property until the loan has been repaid.

A buyer who feels that the seller or the Title Company misled them about the Deferred Special Assessment can take the seller or the Title Company to court and try to recover the amount of the loan.

The loan has to be paid in one lump sum. There are no installment plans available.

The property is forfeited and foreclosed if the Deferred Special Assessment is not paid by the due date. The authority to foreclose comes from P. A. 123, 1999. The relevant statutes are MCL 211.78 through MCL 211.78p.